



Amcham Vietnam

Presents

How OPIC Supports U.S. Investment and Helps Small Businesses Succeed in Vietnam

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Doing Business with OPIC

Helping You Navigate Through the Opportunities and
Risks of Emerging Markets

What is OPIC?

Why use OPIC?

Small Business Center Programs

Doing Business with OPIC

Helping You Navigate Through the Opportunities and
Risks of Emerging Markets

Small Business Franchise Program

OPIC Solutions for Raising Equity and
Diversifying Risk

Credit Enhancements for Government
Obligations

Infrastructure Programs

What Is OPIC?

**Self-sustaining
government agency that
enables U.S.
businesses to succeed
in emerging markets**

- Operates at no net cost to the taxpayer**
- Creates U.S. jobs and promotes sustainable development overseas**
- Supports U.S. foreign policy objectives**

**Engine of growth for
U.S. companies**

- “Lender of first resort” for U.S. businesses in markets that banks consider too risky**
- Largest provider of political risk insurance in the world**
- Brings equity capital to emerging markets by supporting private equity investment funds**
- Advocates interests of U.S. businesses in emerging markets**

What Is OPIC?

History of OPIC

- The 1940's: Marshall Plan rebuilding Europe
- The 1950's: Aid to developing nations
- The 1960's: Foreign Assistance Act of 1961 – USAID
- The 1970's: OPIC created as a stand-alone agency

OPIC has supported \$164 billion worth of investments in developing countries

Generated \$13 billion in host country revenues; created 732,000 host country jobs

Generated \$69 billion in U.S. exports; created more than 264,000 American jobs

OPIC support for U.S. Companies in Emerging Markets



Finance

- “Lender of last resort”
- Multiplying your returns in international markets
- Encouraging cooperation among you and your suppliers and other lenders
- Promoting good corporate citizenship



Political Risk Insurance

- Protecting your investment
- Defending your right to return profits to U.S.
- Facilitating access to credit
- Strengthening your local presence
- Providing predictability through fixed rates

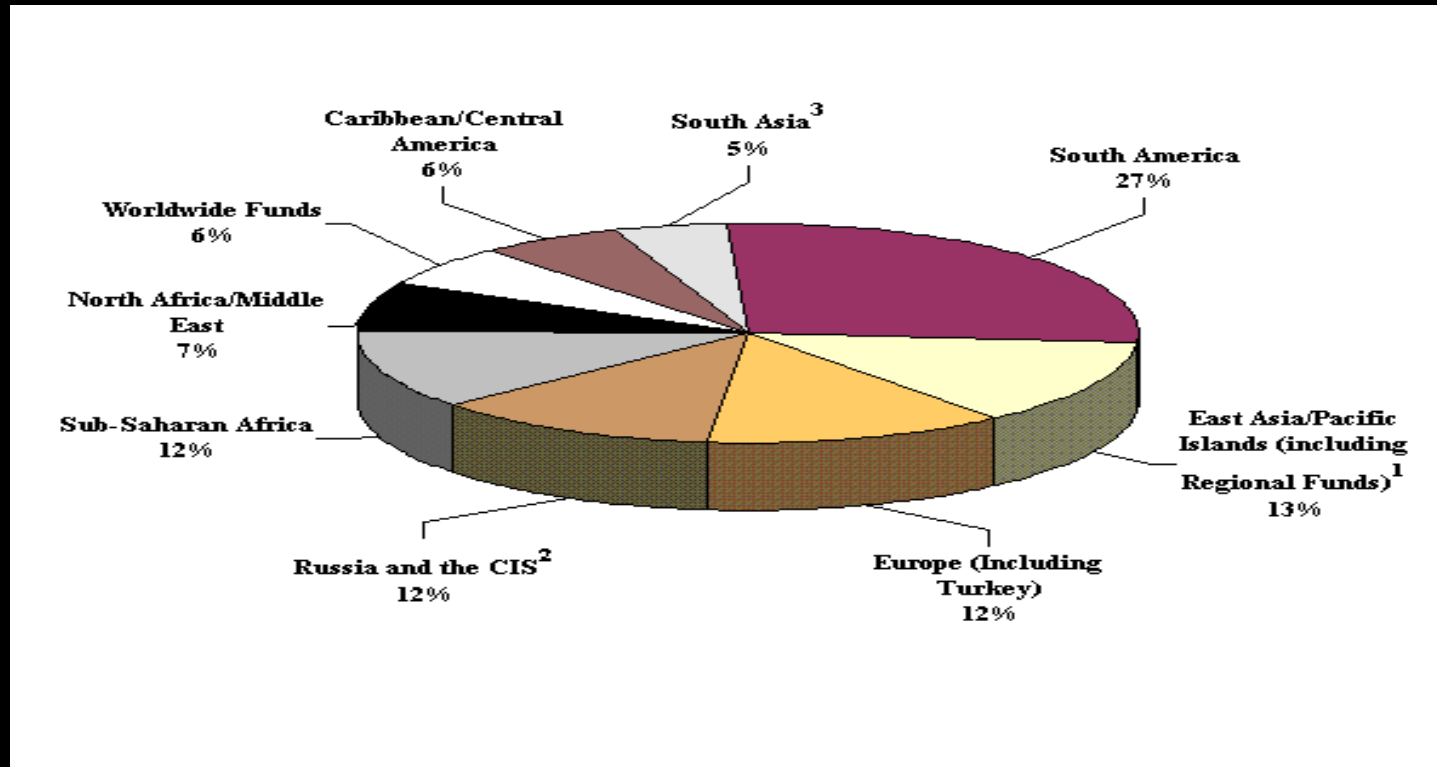


Investment Funds

- Providing local firms with access to risk capital, management guidance, and financial expertise
- Improving local business climate by supporting adoption of international reporting standards, transparency and environmental and workers rights standards

What Is OPIC?

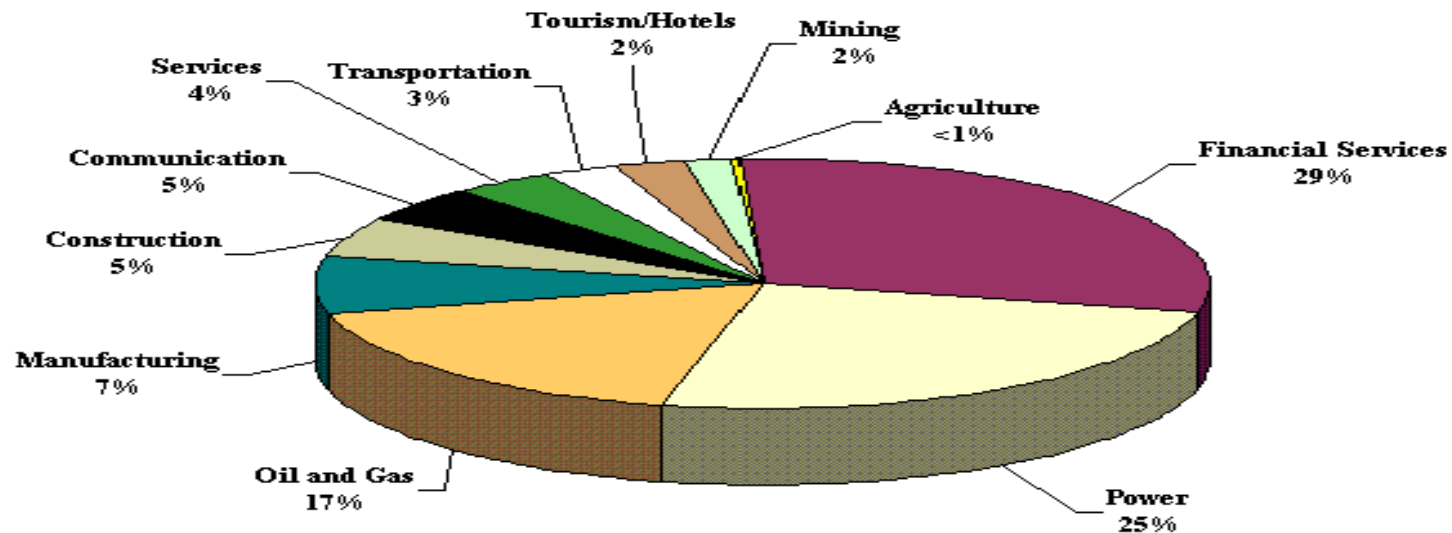
Regional Portfolio Concentration 2004



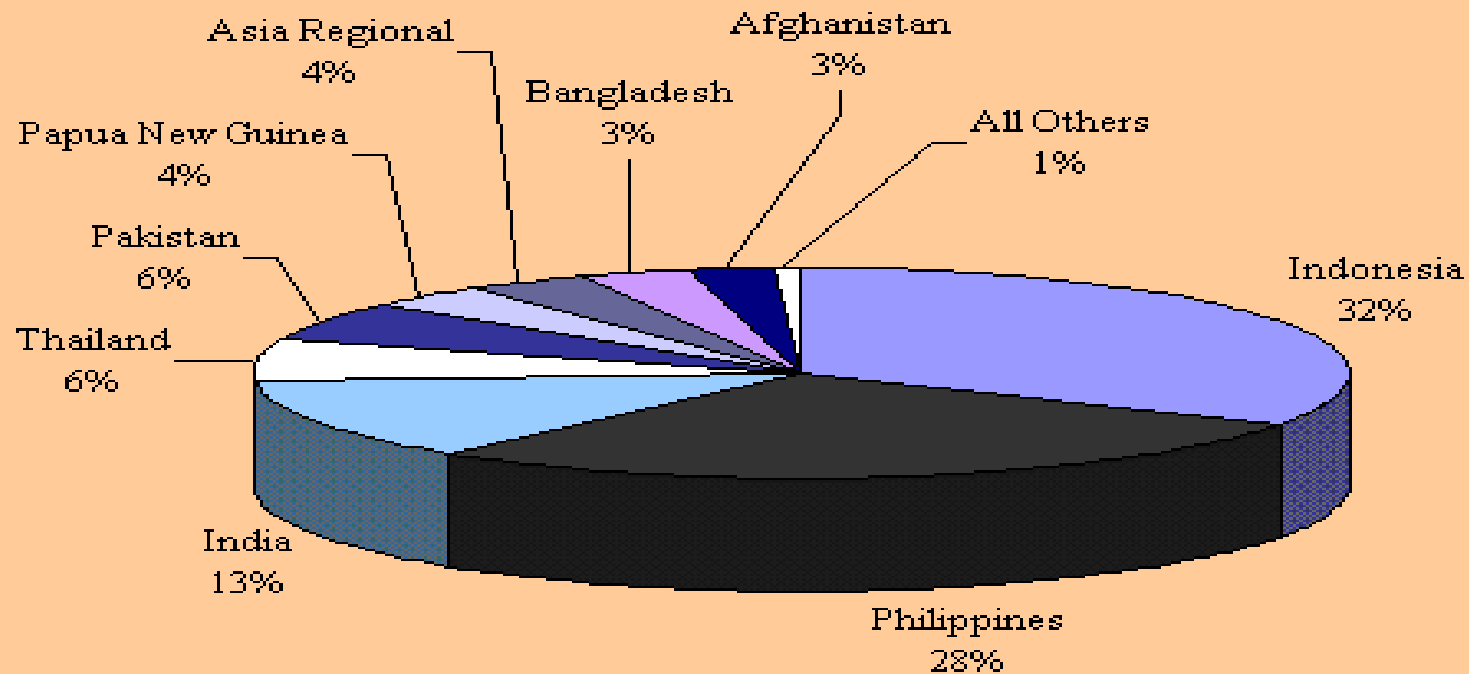
•Combined Finance and Insurance
Maximum Exposure: \$14.0 Billion*

What Is OPIC?

Sector Portfolio Concentration 2003



OPIC's Maximum Combined Exposure in Asia/Pacific Islands



➤ New Small Business Center Programs



OPIC Small Business Center – Highlights

Reduced Response Time

- Goal of **60 days** from complete application to loan or insurance agreement

Greater Flexibility

- Finance and Insurance officers working with small business transactions and requirements

Increased Small Business Deal Flow

- Goal by end of FY-2004: 100% increase in transactions for both Insurance and Finance products



OPIC Small Business Center – Highlights

Streamlined Application Materials

**New Financial Products for Small
Businesses**

**Consistent Outreach to the Small
Business Community**



Investor – Eligibility

U. S. Sponsors

- U.S. Citizens
- Corporations, partnerships or other associations created under laws of the U.S., over 50% U.S. owned
- Foreign corporations at least 95% owned by U.S. citizens, corporations, or partnerships.
- Other foreign entities 100% U.S. owned



OPIC Finance – Eligibility

Eligibility

- Commercially viable business plan and successful track record
- At least 25% U.S. equity ownership
- Limited government participation (<50%)



OPIC Small Business Center – Eligibility

Eligibility

- Commercially viable business plan and successful track record
- U.S. business sponsor with less than \$35 million in annual consolidated revenues or \$27 million in personal net worth
- Loan amounts ranging in size from \$100k up to \$10m
- Insurance coverage up to \$25m – *no minimum investment size*
- Projects adhere to OPIC investment policies



OPIC Small Business Center – Policy Requirements

Policy Requirements

- Policy requirements and clearances for U.S. Effects, developmental and environmental impact, human and worker's rights.



OPIC Small Business Center – Products

Insurance

Tenor: From 3 to 20 years

Amount of OPIC participation

- Up to \$15 million of coverage per project

Pricing

- Fixed rates-based on nature of risk
- ex. Manufacturing Services
(Annual Base Rates per \$100 of Active/Current Coverage)

Inconvertibility \$0.25 - \$0.45

Expropriation \$0.50 - \$0.70

Political Violence

Business Income \$0.30 - \$0.50

Assets \$0.40 - \$0.60

Finance

Tenor: From 3 to 15 years

Amount of OPIC participation

- Up to \$10 million per project

Leverage

- Up to 60% debt (40% equity)

Security

- Minimum - pledge of shares in the project
- Completion support/collateral

Pricing

- Capped at 7% over cost of funds (lower with collateral availability)
- Upfront Facility Fee (<1%) and Annual Maintenance Fee (<1%)



New OPIC Small Business Insurance Wrap

- Low-cost insurance coverage for small business loan clients.
- All three forms of political risk coverage for their equity investment.
 - *Political Violence*, *Expropriation* and *Inconvertibility*
- One-stop shopping at OPIC.
 - Client can receive finance and insurance
- Stream-lined approval and credit review process.
 - Client completes *only* the SBC loan application



Recent SBC Projects in Asia

- **Domes International Inc. /India – Fiber Glass Housing – \$1 million (SBC Finance And Insurance)**
- **TLC Beatrice/Philippines – Construction and Operation of meat processing facility – \$2 million (SBC Finance)**
- **Golden Cypress Water Co/Philippines- Bottled Water manufacturing and distribution - \$348,000 (SBC Finance and Insurance)**
- **ABI Group/Afghanistan – Bottled water manufacturing and distribution facility – \$9.2 million (SBC Finance and Insurance)**

Franchise Program



Corporación de Inversiones Privadas en el Extranjero
Respaldada por la fe y el crédito plenos de los Estados Unidos

Franchise Program

- OPIC can provide financing for up to \$4 million in the acquisition of a US Franchise
- Financing through the U.S. Franchise or directly to the local companies or individuals acquiring the franchise.
- The US Franchise should have revenues less than US \$250 million

Criteria

- Long-term contract for operations
- Technology Transfer
- Positive cash flows
- Competitive products or services in local markets
- Business plan including financial projections and marketing plan

Recent Small Business Franchise Transactions

- **Heron Ltd/Mexico. – Wendys expansion - \$1.2 million**
- **Rapid Mail Company/Belize – Mail Boxes ETC - \$95,000**
- **Global Designs/Panama: Mail Boxes ETC - \$115,200**
- **Sign Now Corporation/Brazil - Sign Printer - \$1 million**
- **Subway Russia Corp/Russia: Subway sandwich store in St Petersburg - \$380,000**

Franchising through OPIC's Financial Guarantee Program

- **Carlson Restaurants Worldwide/Ostic Restaurants (Russia): \$7.7 million loan for the construction and operation of 14 TGI Friday's restaurants**
- **UPS Worldwide Franchise Facility: \$6 million on-lending facility for Mail Box ETC**
- **Three Papas, LLC (Russia): \$2 million loan for multiple Papa John's Restaurants**

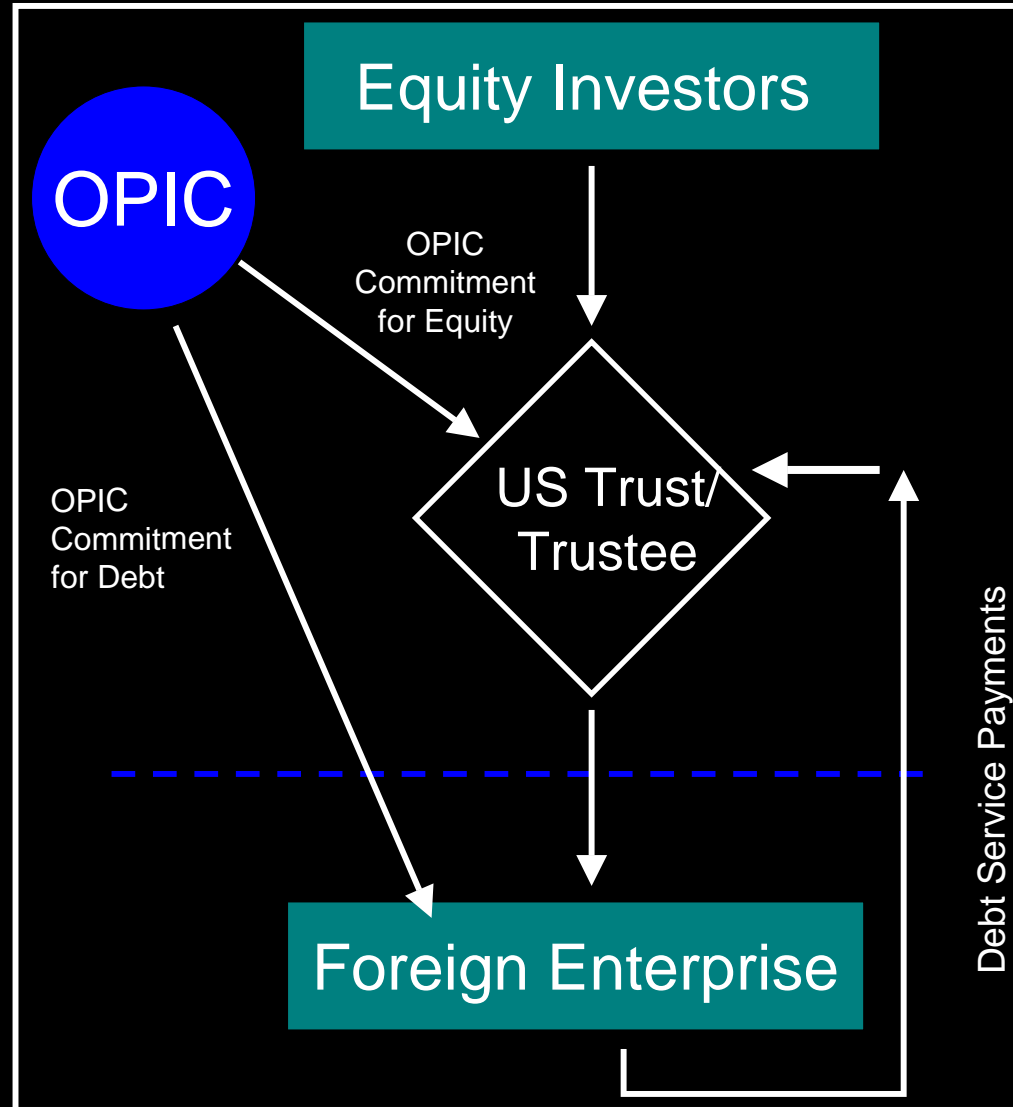
OPIC Solutions for Raising Equity and Diversifying Risk



OPIC's Solutions for Raising Equity

Typical Structure

- Must use a U.S.-based trustee.
- OPIC provides commitment to provide political risk insurance to individual equity investors
- OPIC provides a commitment to finance 60 per cent of the total cost of the project – project term sheet approved



OPIC's Solution for Diversifying Risk

Insurance Risk Sharing Agreement

- Political risk insurance for equity or debt coverage in at least three countries
- Four Principal “Legs”
 - Stop-loss Amount - the aggregate amount of compensation payable by OPIC over all subject contracts
 - Deductible Amount - amount of losses incurred by the investor before OPIC will pay any remaining compensation (one-time)
 - Coverage Diversification - how many different types of coverages are insured under all the subject contracts
 - Country Diversification - how many different countries are represented under all the subject contracts
- By agreeing to assume part of OPIC's risk in four areas, the investor receives a refund of up to 60% of their annual premium.

OPIC's Solution for Diversifying Risk

Risk Sharing with US Lenders

- Terms and pricing reflect OPIC and U.S. lender requirements
- Deals structured pari-passu or with OPIC in a “first loss” position relative to U.S. lender
 - Lukoil's Vystock terminal; OPIC co-lent with U.S. investment fund and assumed a first loss position
 - Pacific Bangladesh Telecom Limited; OPIC co-lent with US equipment supplier and US commercial bank on a pari-passu basis



Credit Enhancements for Contractual Government Obligations



Overseas Private Investment Corporation
Backed by the Full Faith and Credit of the United States

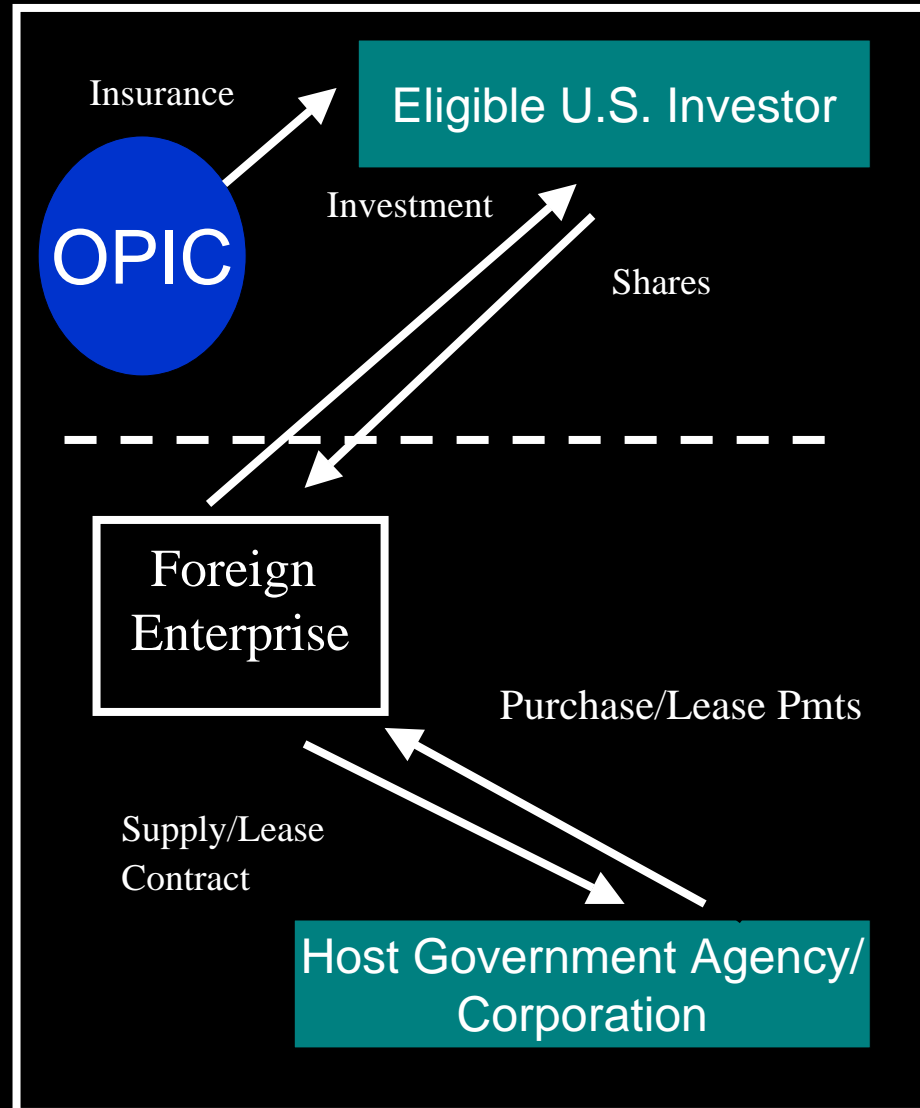
Breach of Contract /Arbitral Award Coverage

- The Foreign Enterprise must have a contract (i.e. power purchase and supply agreement) with a Host Government Agency/Corporation
- One or more Payments are due and unpaid to the Foreign Enterprise and the Foreign Enterprise receives a final arbitral award against the Host Government Agency/Corporation
- Denial of Justice coverage from OPIC may be available to mitigate the risk of the arbitration process being frustrated.

Arbitral Award Default Coverage

Typical Equity Structure

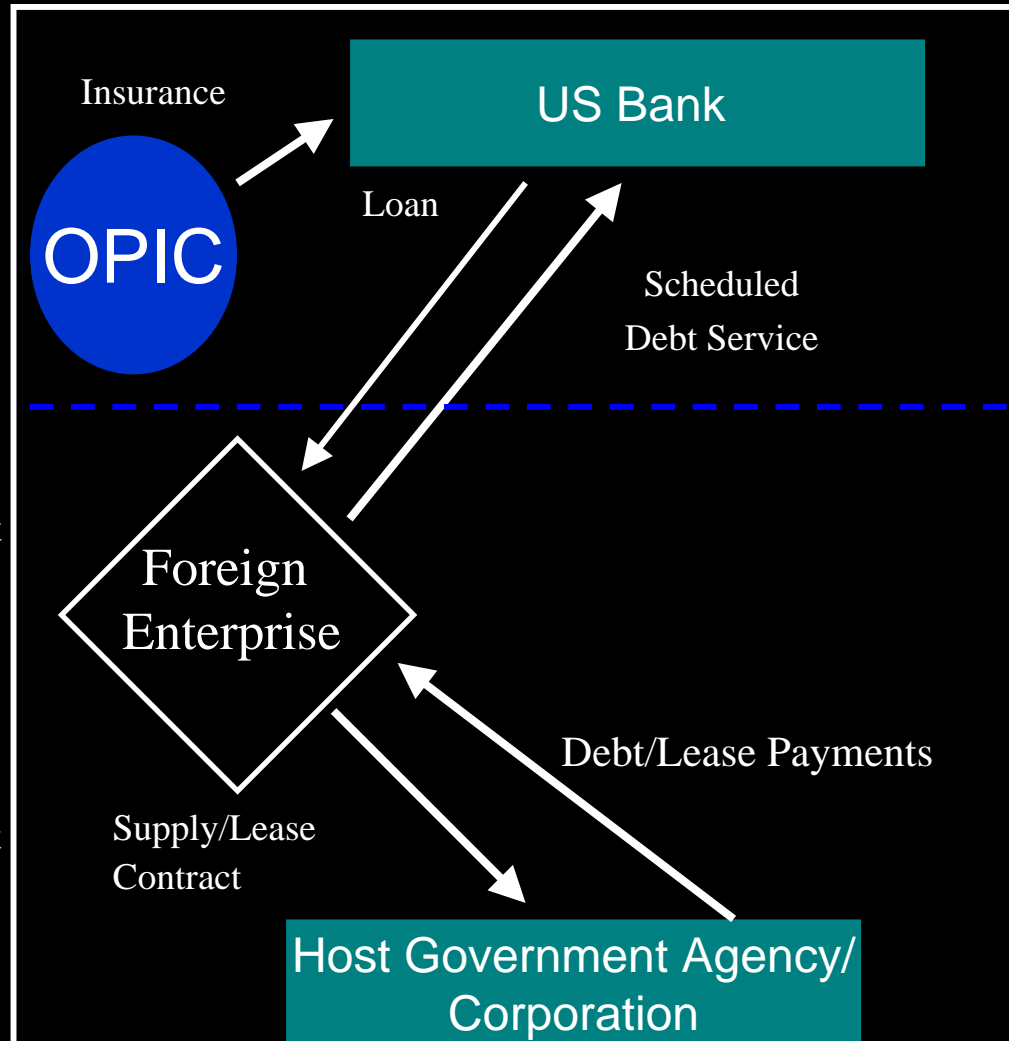
- The OPIC Insured party is the U.S. Supplier
- OPIC provides coverage of payments from the Host Government Agency/Corporation to the U.S. supplier
- Triggering event for OPIC payment is a non payment of an arbitral award against the Host Government Agency/Corporation pursuant to dispute resolution procedures in the supply contract
- Indemnity is 90% of each loss



Arbitral Award Default Coverage

Typical Debt Structure

- The OPIC Insured party is the US Bank
- OPIC provides coverage against a default of Scheduled Debt Service payments from the Foreign Enterprise to the US Bank
- The following three events must occur before OPIC would pay a claim: (1) default on a Scheduled Debt Service payment by the Foreign Enterprise; (2) an arbitral award against the Host Government Agency/Corporation for breaching its agreement with the Foreign Enterprise; and (3) a non payment of the award by the Host Government Agency/Corporation
- Indemnity is 100% of each loss



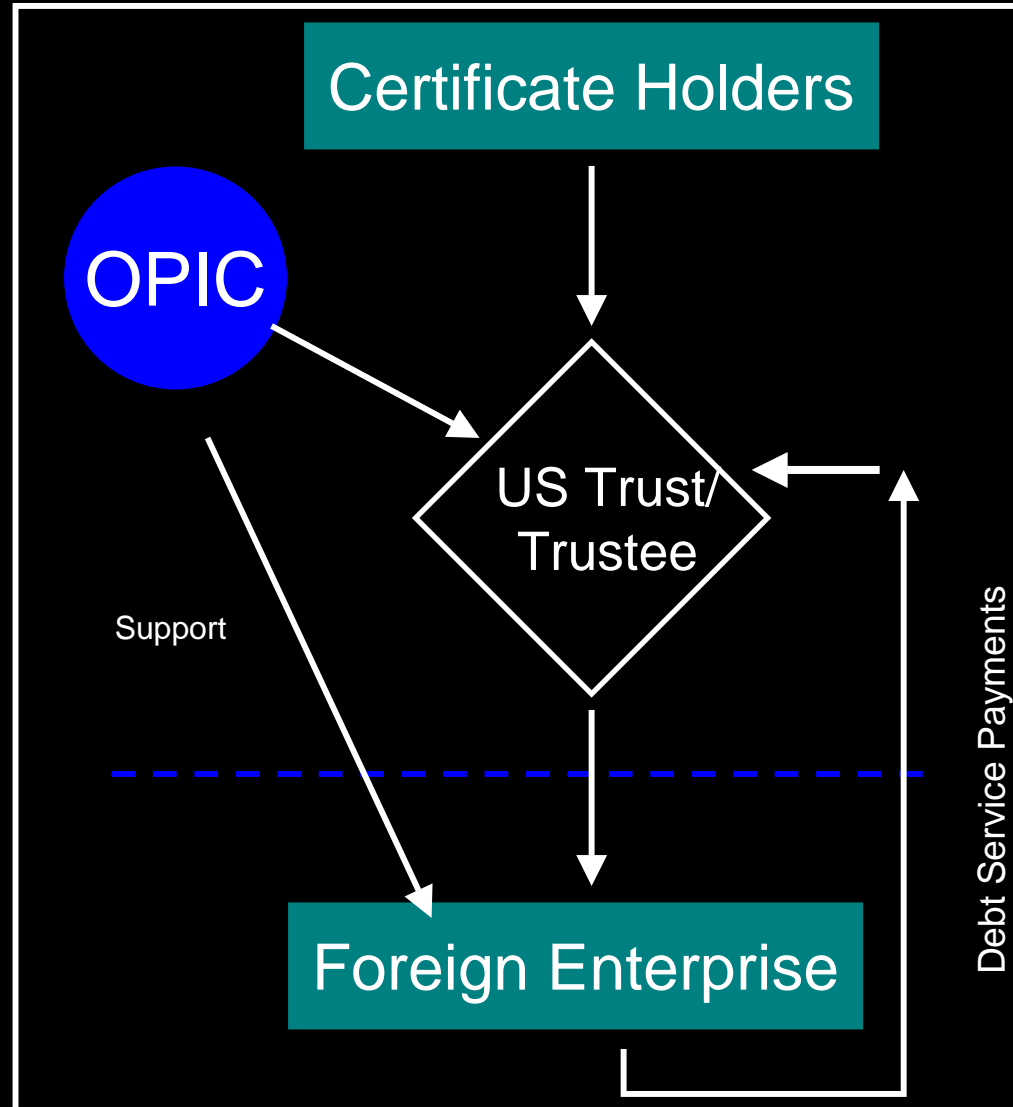


Infrastructure Programs

Capital Markets- Inconvertibility Coverage

Typical Structure

- Must use a U.S.-based trustee.
- OPIC provides coverage of scheduled debt service payments from the Foreign Enterprise to U.S. trustee for the benefit of the Certificate Holders.
- OPIC enters into Company Support Agreement (CSA) with Foreign Enterprise, containing OPIC policy requirements



Capital Markets Transactions- Inconvertibility

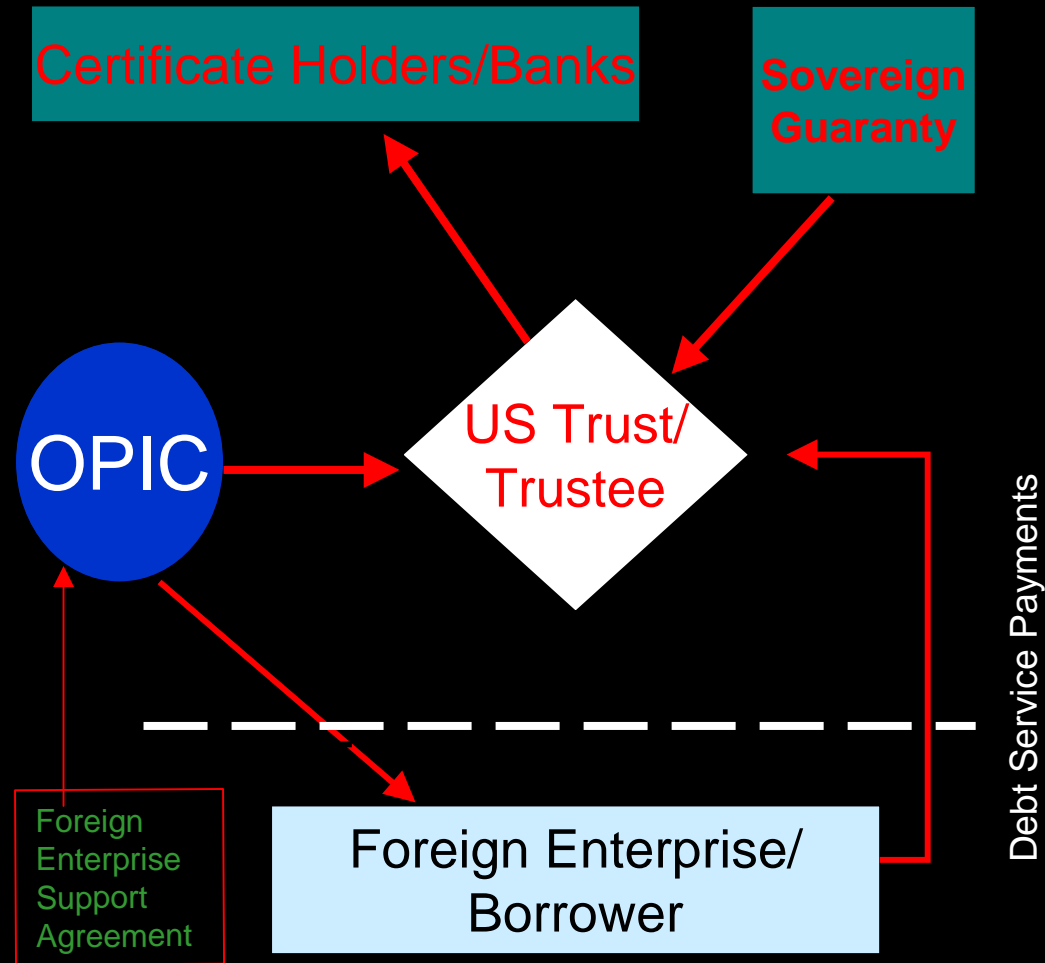
- Transportadora de Gas del Norte S.A., \$175 million - July 2000
- Ford Otosan, \$200 million bond - July 1999
- Ford Otosan 2, \$200 million bond - March 2000
- AES Tiete, \$115 million - May 2001

Capital Markets Transactions- Inconvertibility

- Housing Facility for Central America – CABEI, \$150 million bond – Commitment 2003
- Mercury Mortgage Guatemala- 250 million bond – Commitment 2004
- Petroleo Brasileiro- UBS Securities - \$110 million Bond – Commitment 2004

Agreements and Guaranty

- Must use a common law trust or a statutory business trust with a U.S.-based trustee.
- Sovereign provides an unconditional and irrevocable guaranty of payment of principal and interest for the benefit of the Trustee lender.
- OPIC enters into a contract of insurance with the Trustee to provide an assurance of debt service payments to the Trustee in the event the Borrower fails to service the debt and the Sovereign fails to honor its guaranty.
- OPIC enters into Foreign Enterprise Support Agreement (FESA) with Foreign Enterprise, containing OPIC policy requirements.



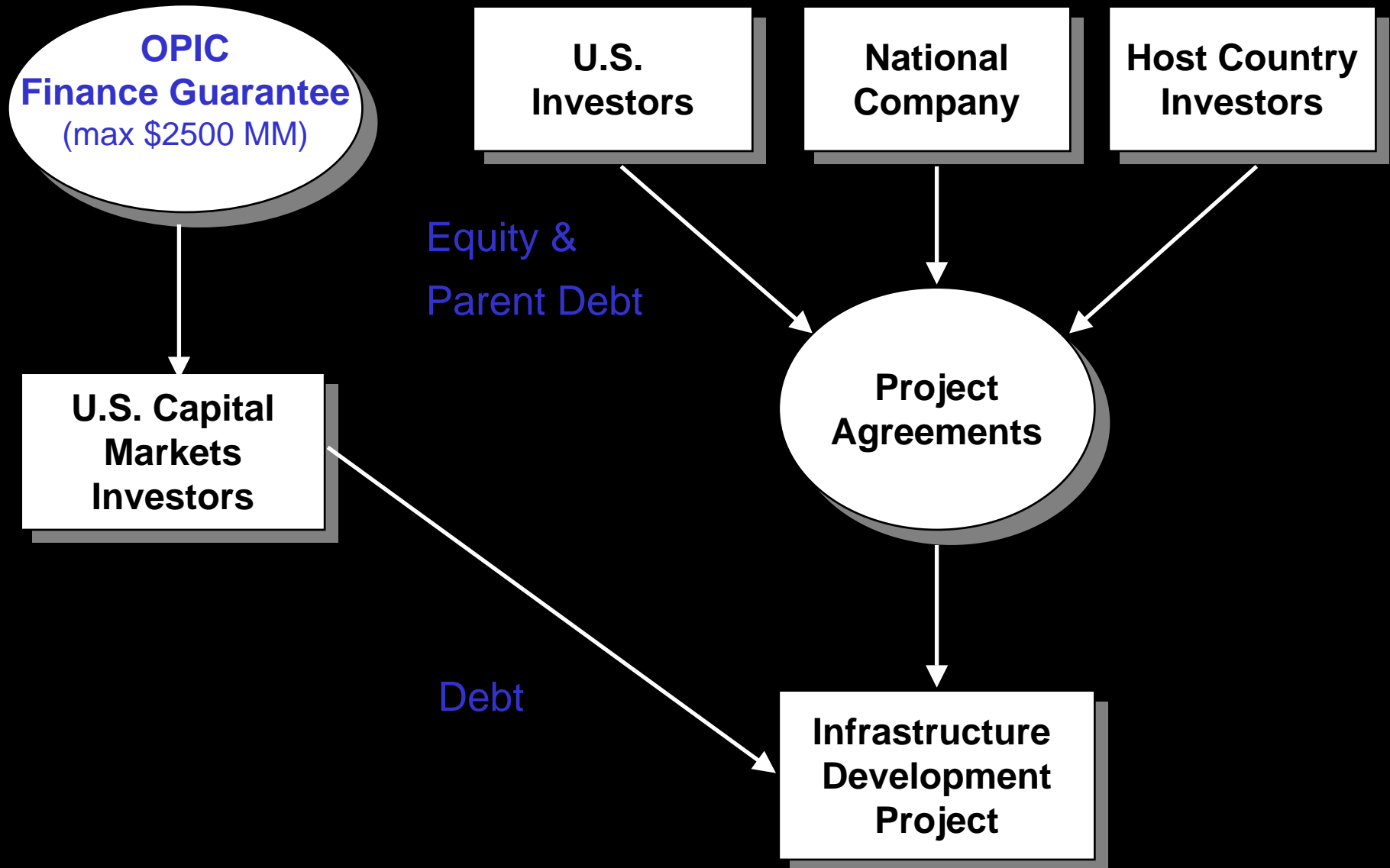
Napocor Offering Summary

Issuer	Philippine Power Trust I, a New York Trust, which loaned the proceeds to the National Power Corporation of the Philippines, guaranteed by the Republic of the Philippines
Offering Size	US\$250 million
Offering	144A/Regulation S Trust Certificates
Coupon	5.40%
Spread	1.20% over 10-year US Treasury
Amortization	21 equal semi-annual payments commencing in year 5
Maturity	15 year final/10 year average life
Ratings	AAA by Standard & Poor's
Settlement	September 26, 2003
Bookrunner	Bear, Stearns & Co., Inc.

New Projects

- **Jamaica/Toll Road – Syndicate of Banks for \$175 million**
- **Croatia/ Toll Road – Bond Issue for \$200 million**
- **Israel/Pipeline - Syndicate of Banks for \$250 million**
- **Colombia/Network of Hydros - \$225 million**

Infrastructure Development Project

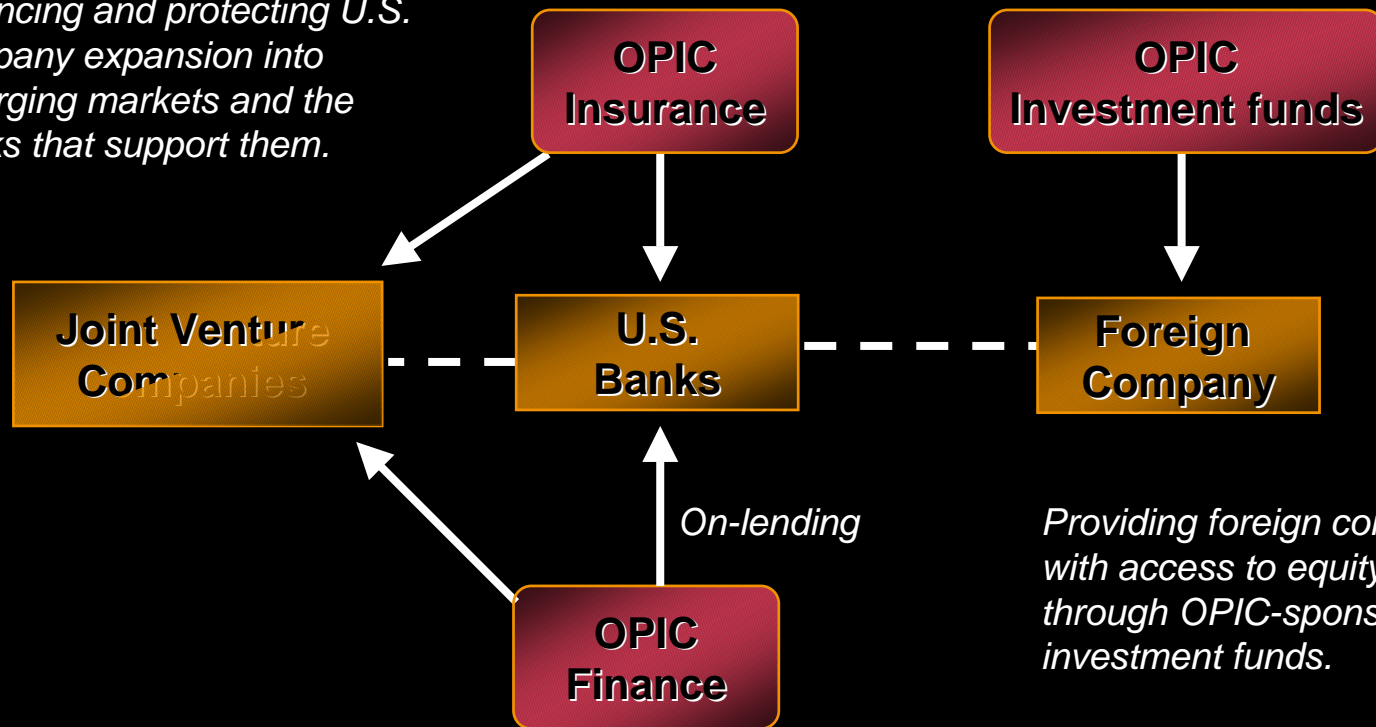


Infrastructure Developments through OPIC Finance Guarantees

- Quito International Airport/Ecuador - \$200 million
- Lima International Airport/Peru - \$126 million
- Santiago Toll Road/Chile- \$250 million

How OPIC Can Support U.S. Investment in Vietnam

Financing and protecting U.S. company expansion into emerging markets and the banks that support them.



Providing foreign companies with access to equity capital through OPIC-sponsored investment funds.

For more information and applications for Small Business Center, visit our website:

<http://www.OPIC.gov>



To discuss your project, please contact Juan Carlos Rivera Montes
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Small Business Center
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